

GAO

UNITED STATES GOVERNMENT  
Report to Congress: SELECT REVENUES

January 1999

# CIVILIAN MARKSMANSHIP PROGRAM

Corporation Needs to  
Fully Comply With the  
Law on Sales of Firearms



199902191 40



United States  
General Accounting Office  
Washington, D.C. 20548

National Security and  
International Affairs Division

B-281768

January 12, 1999

The Honorable Frank R. Lautenberg  
United States Senate

The Honorable Carolyn B. Maloney  
House of Representatives

This report responds to your request regarding the Civilian Marksmanship Program (CMP), which until 1996 was administered by the Department of the Army. As required by the Fiscal Year 1996 National Defense Authorization Act, the program was to be transitioned from the Army to the private, nonprofit Corporation for the Promotion of Rifle Practice and Firearms Safety, which was established by this law.<sup>1</sup> The program is designed to promote and monitor marksmanship training through a system of affiliated clubs and to sponsor marksmanship competitions.<sup>2</sup> As part of these activities, the Corporation sells certain surplus military firearms to the affiliated clubs and their members. In response to your request, we determined (1) whether the program's conversion to a private corporation and the Corporation's subsequent firearms sales were conducted in accordance with the 1996 act, (2) the types and value of federal support provided to the Corporation, and (3) the types and number of firearms the Army transferred to the Corporation and was storing for potential transfer. In August 1998, we provided information you requested regarding the Army's investigation of alleged criminal activity within the CMP when it was an Army program.<sup>3</sup>

## Results in Brief

The Army and the Corporation for the Promotion of Rifle Practice and Firearms Safety completed the transition of the CMP to the Corporation on September 30, 1996, in accordance with the 1996 act. The 1996 act authorized the Corporation to sell firearms but did not specify any external oversight to ensure that the Corporation's firearms sales complied with the act. The Corporation has not routinely ensured that it complied with the requirements of the 1996 act in its firearms sales to individuals. On the basis of a random sample of the 6,400 M1 Garand rifle

<sup>1</sup>Corporation for the Promotion of Rifle Practice and Firearms Safety Act, title XVI of P.L. 104-106 (Feb. 10, 1996) ("the act").

<sup>2</sup>Under section 1612(b) of P.L. 104-106, the Corporation is directed to give priority under the CMP to activities that benefit firearms safety, training, and competition for youth and that reach as many youth participants as possible.

<sup>3</sup>Army Investigation of Civilian Marksmanship Program (GAO/OSI-98-14R, Aug. 18, 1998).

sales between July 1997 and August 1998, we estimate that the Corporation sold between 1,200 and 2,200 M1 Garands without adhering to its own procedures that were designed to ensure that the purchasers were not convicted of felonies, were U.S. citizens, and were members of a Corporation-affiliated club.

The Army and other defense agencies had provided more than \$19 million in support to the Corporation as of September 30, 1998. More than \$17.5 million of that support was authorized by the 1996 act to be provided without reimbursement. For support provided on a reimbursable basis, Corporation officials told us the Corporation reimbursed the Army and other defense organizations more than \$1 million for such things as the inspection, repair, and shipping of firearms. However, additional support, including obtaining background investigations of prospective gun buyers, was provided to the Corporation at a cost of more than \$440,000 but was not specifically referred to in the act and was not reimbursed by the Corporation. Also, the Secretary of the Army has not prescribed regulations relating to the logistical support to be provided to the Corporation and reimbursement for that support, even though the 1996 act required the Secretary to do so. Army headquarters officials told us existing regulations governing support to outside organizations were considered sufficient to cover the support to the Corporation. Notwithstanding that view, several Army officials told us they were uncertain as to what support they should be providing and how to arrange for reimbursement from the Corporation for expenses incurred by the Army.

As of September 30, 1998, the Army had transferred more than 56,000 firearms to the Corporation, including M1 Garands, M1 Carbines, M14s, .22 caliber rifles, and pistols. Firearms transferred but not sold are stored by the Corporation. Under section 1615 of the act, the Secretary of the Army was required to transfer to the Corporation all firearms under the control of the Army's CMP Director on February 9, 1996, including M1 Garand and .22 caliber rifles stored at the Anniston Army Depot in Anniston, Alabama. These firearms were to be transferred as and when necessary to enable the Corporation to issue, loan, or sell them in accordance with the act. At transition, the Army transferred to the Corporation all of the required firearms except those at Anniston. As of September 30, 1998, the Army was storing more than 230,000 M1 Garands, over 35,000 .22 caliber rifles, and more than 4,000 other firearms at Anniston for potential transfer to the Corporation. At that time, the Army and the Corporation were negotiating a new memorandum of

understanding that would make any of these firearms that were surplus to Army requirements available for transfer to the Corporation. Army officials told us that some of these firearms were not at Anniston under CMP control on February 9, 1996. Should the Army decide to transfer firearms that were not under CMP control on February 9, 1996, legislative authority other than section 1615 of the act would be needed.

## Background

The CMP originated in 1903 with the establishment of the National Board for the Promotion of Rifle Practice, which advised the Secretary of War. The general purpose of the program was to encourage individuals to develop marksmanship skills to prepare them in the event that they were called upon to serve during wartime. Congress directed the Department of Defense (DOD) to assume management of the CMP, including authorizing the detail of a Marine or Army officer as director of civilian marksmanship and the detail of Army members to provide weapons instruction to civilians and rifle clubs. The Secretary of the Army was required to provide for such things as (1) the operation and maintenance of rifle ranges, (2) the promotion of firearms practice and the conduct of matches and competitions, and (3) the sale of firearms to affiliated gun clubs that provide firearms training and to U.S. citizens over 18 years of age who are members of those clubs.

In response to a request from the then House Armed Services Committee, we issued a 1990 report on the CMP's mission, purpose, usefulness, and cost.<sup>4</sup> We concluded that the Army's CMP was of limited value because, among other things, the CMP's objectives and goals were not linked to Army mobilization and training plans. We also reported that the Army's proposed CMP budget for fiscal years 1990-94 was about \$5 million a year. The Fiscal Year 1996 National Defense Authorization Act required the CMP to be transitioned from a DOD appropriated fund activity to a nonprofit corporation that was established by this act.

The act required the Secretary of the Army to transfer to the Corporation all firearms and ammunition under the control of the Army's CMP Director on February 9, 1996, and to transfer funds derived from sales programs and various other sources. In addition, the 1996 act authorized the Corporation, as the Army previously had been authorized, to sell firearms to U.S. citizens. Under the act, the Corporation was authorized to sell firearms to individuals who (1) have not been convicted of a felony, (2) are

<sup>4</sup>Military Preparedness: Army's Civilian Marksmanship Program Is of Limited Value (GAO/NSIAD-90-171, May 23, 1990).

U.S. citizens over 18 years of age, and (3) are members of Corporation-affiliated gun clubs. Also, the Corporation was prohibited from selling firearms to individuals who had been convicted of firearms violations under 18 U.S.C. 922; these violations include knowingly shipping or transporting stolen firearms or ammunition in interstate or foreign commerce. The 1996 act also provided that the Corporation's sales are subject to applicable federal, state, and local laws. These laws include, among others, provisions of the Gun Control Act of 1968 that prohibit certain categories of persons from purchasing firearms.<sup>5</sup>

To facilitate the transition of the CMP from the Army to the Corporation, the 1996 act authorized and directed the Secretary of the Army to take a number of actions. For example, the act authorized the Secretary to provide specific support to the program, such as the storage of firearms, without reimbursement by the Corporation. The act also authorized the Secretary to provide other logistical support to the CMP, such as support for competitions and other activities, with reimbursement from the Corporation for incremental direct costs incurred by the Army to provide such support. Also, the act required the Secretary of the Army to prescribe implementing regulations for carrying out this support.

## Program Transition Met Statutory Requirements

The transition of the CMP from the Army to the Corporation was completed on September 30, 1996, in accordance with the Corporation for the Promotion of Rifle Practice and Firearms Safety Act. The Secretary of the Army transferred (1) all property under the control of the Director of Civilian Marksmanship, the Civilian Marksmanship Support Detachment, and the National Match Fund, including office equipment, targets and frames, vehicles, supplies, and appliances; (2) control of the leased property that had been occupied by the Civilian Marksmanship Support Detachment in Port Clinton, Ohio; and (3) all funds available from sales programs and fees to the National Board for the Promotion of Rifle Practice and all funds in a nonappropriated fund account known as the National Match Fund. These transfers were completed by September 30, 1996. Also, the Secretary of the Army, as required, appointed on July 12, 1996, the Corporation's initial Board of Directors. As required, the Corporation's Board of Directors appointed in July 1996 a Director of Civilian Marksmanship to be responsible for the daily operations of the CMP. The CMP began operations under the Corporation on October 1, 1996.

<sup>5</sup>These include any person who (1) has been convicted of a crime punishable by imprisonment for more than a year, (2) is a fugitive from justice, (3) is an unlawful user of any controlled substance, (4) is an adjudged mental defective, (5) is subject to certain restraining orders related to domestic violence, or (6) has been convicted of a misdemeanor crime of domestic violence (18 U.S.C. 922(g)).

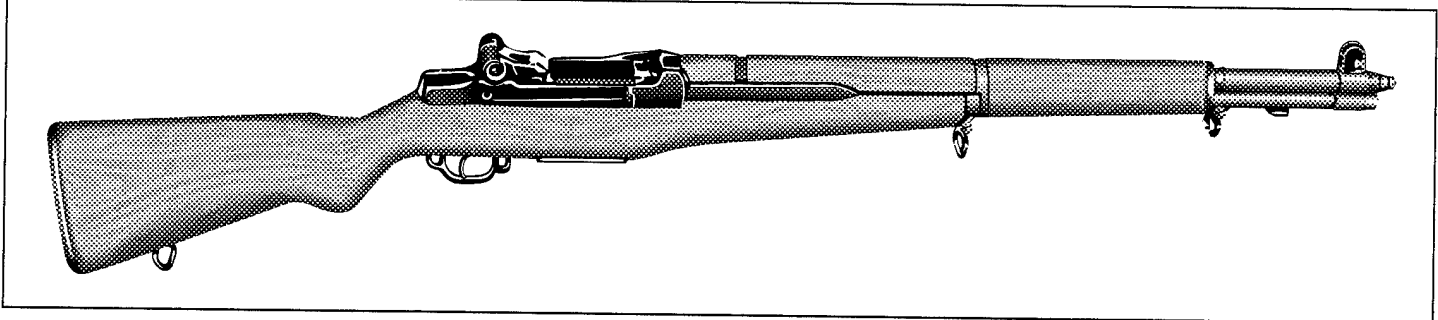
## Corporation Policies Inadequate, and Procedures to Ensure Firearms Sales Comply With the Act Not Followed

The Corporation has not routinely ensured that its sales of firearms to individuals complied with the requirements of the 1996 act. The Corporation could make sales under the act to purchasers that (1) had not been convicted of a felony or otherwise ineligible to purchase a firearm, (2) were U.S. citizens over 18 years of age, and (3) were members of gun clubs affiliated with the Corporation. The act also required the Corporation to establish procedures to obtain a criminal records check for purchasers with appropriate federal and state authorities. Corporation officials told us that they had policies and procedures in place to ensure that the requirements of the 1996 act for firearms sales to individuals were met. We reviewed these policies and procedures and found that in some cases the Corporation's policies were not adequate to ensure that the purchasers met the requirements of the act. In other cases, the Corporation did not adhere to its own procedures that could have ensured that the purchasers met the requirements. As a result, the Corporation sold firearms to individuals without ensuring that purchasers were not convicted of a felony or otherwise ineligible to purchase a firearm, were U.S. citizens, and were members of Corporation-affiliated clubs.

## Corporation Firearms Sold and on Loan

According to Corporation officials, the Corporation sold 22,584 firearms in the 2-year period between October 1, 1996, and September 30, 1998. Of these firearms, the Corporation sold 16,637 (74 percent) to individuals and 5,947 (26 percent) to some of its 1,033 affiliated clubs. Over 72 percent of all firearms sold were M1 Garands, a World War II era semiautomatic rifle, for which the Corporation as of September 1998 charged from \$400 to \$750 each, depending on the rifle's condition. Figure 1 depicts the .30 caliber M1 Garand.

Figure 1: M1 Garand Semiautomatic Rifle



Source: *Small Arms of the World*, 11th ed. (Harrisburg, Pa.: Stackpole Books, 1997), p. 532.

Regarding firearms on loan, Corporation officials said that 905 M14s remained on loan to certain affiliated clubs as of September 30, 1998.<sup>6</sup> These officials told us that the Army had lent the M14s to those clubs when it operated the program but that the Corporation is not lending any additional firearms because of liability issues. Table 1 depicts the number and types of firearms sold by the Corporation.

**Table 1: Firearms Sold by the Corporation During Fiscal Years 1997 and 1998**

Firearm	Sold to individuals	Sold to clubs	Total
M1 Garand <sup>a</sup>	14,947	1,392	16,339
M1D <sup>a</sup>	1,379	0	1,379
M1 Carbine <sup>a</sup>	0	597	597
M1903A3 <sup>a</sup>	39	0	39
.22 caliber	272	3,278	3,550
Air rifle	0	680	680
<b>Total</b>	<b>16,637</b>	<b>5,947</b>	<b>22,584</b>

<sup>a</sup>.30 caliber rifle.

We did not review the sales of firearms to Corporation-affiliated clubs. Many of the clubs had been established when the Army ran the CMP and some of the data needed to determine whether procedures had been followed either were not maintained by the Army or were indecipherable in the microfiche files the Army provided to the Corporation.

### Corporation's Application Policies Insufficient to Ensure Firearms Were Sold Only to Eligible Purchasers

The Corporation's application policies were insufficient to ensure that it did not sell firearms to persons who were convicted of a felony or otherwise ineligible to purchase a firearm or who were not U.S. citizens. For example, the Corporation's policy required a background investigation before a firearm purchase was approved. However, Corporation policy also allowed individual applicants to provide various documents in lieu of a background investigation. Of the 16,637 firearms sales to individuals during fiscal years 1997 and 1998, Corporation officials estimated that they requested background investigations for about 8,000 applicants.

The Corporation obtained background investigations from the Defense Security Service (DSS). DSS investigations included a name search and fingerprint check by the Federal Bureau of Investigation for felonies and other conditions that would render an individual ineligible to purchase a

<sup>6</sup>These rifles remain on loan only to clubs that are Corporation-affiliated state associations (one in each state) for the use of the state rifle team.

firearm. As is customary when DSS manages these investigations, DSS made no assessment regarding an individual's eligibility to purchase a firearm but instead provided the raw results of the investigations to Corporation employees to enable them to make this determination. However, the Corporation had no written guidelines for its employees to use to identify items in the DSS investigation that would disqualify individuals from purchasing firearms.

In lieu of a DSS investigation, Corporation policy allowed applicants to provide one of the following documents:

- a dated letter from the applicant's security manager verifying that the applicant is a current U.S. servicemember, government employee, or contractor with a current U.S.-issued security clearance;
- a notarized or certified true copy of an applicant's current military security clearance if the applicant is active duty military;
- a letter from the chief of police or sheriff attesting to the applicant's good character if the applicant is a sworn law enforcement officer; or
- a notarized copy of a current concealed weapons permit.

The first two of these documents are not sufficient to determine whether individuals were convicted of a felony or were otherwise ineligible to purchase a firearm. Possession of a current U.S.-issued security clearance does not mean that criminal records checks with appropriate federal and state law enforcement agencies have been conducted recently or that individuals were not convicted of a felony or otherwise ineligible to purchase a firearm. DOD personnel security officials told us that some persons with current security clearances may have had their last criminal records checks as many as 10, 15, or even 20 years ago. Also, these officials told us that organizations issuing security clearances have the discretion to consider mitigating factors to individuals' past behavior and thus sometimes issue clearances to individuals who have, for example, felony convictions or other criminal behavior on their records.

The Corporation's policies also were insufficient to ensure that purchasers were U.S. citizens. The Corporation required applicants to certify that they were U.S. citizens and accepted as evidence of citizenship a copy of applicants' birth certificates, voter registration cards, proof of naturalization, passports, or certificates of release/discharge from active duty (DD 214). While most of these documents provide sufficient evidence of citizenship, a certificate of release/discharge from active duty does not. Military personnel may be either U.S. citizens or permanent residents, and



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because the DD 214 does not contain information on individuals' citizenship, it does not ensure that the citizenship requirement has been met.

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### Corporation Did Not Follow Its Own Procedural Requirements

The Corporation did not always follow its own procedural requirements and therefore could not ensure that individuals met the statutory requirements for the purchase of firearms. We randomly examined samples of the Corporation's sales records for three types of firearms sold to individuals: M1 Garand, M1D, and .22 caliber rifles. These firearms accounted for 99 percent of the Corporation's firearms sales to individuals. Based on all three random samples, we found the following:

- The Corporation sold firearms without obtaining a DSS background investigation for some purchasers who submitted no substitute documents as evidence that a qualifying background investigation had been conducted. Additionally, investigations were not obtained for some individuals because they had previously purchased firearms through the CMP. The Corporation neither verified that an investigation had been conducted for the prior purchase, some as many as 5 years before, nor conducted a search to account for any prohibited activity in the intervening years. The Corporation also accepted state firearms licenses other than concealed weapons permits in lieu of a background investigation without evidence that an investigation was conducted as a part of issuing the licenses.
- The Corporation sold firearms to individuals who provided no proof of citizenship or who provided drivers' licenses as proof of citizenship.
- The Corporation sold firearms to persons who did not submit any proof of membership in a Corporation-affiliated gun club or submitted an expired membership card or a membership card with no name.

Table 2 shows how often the applicants in our three randomly selected samples did not provide an item the Corporation's policy allowed as proof of meeting the requirements for a firearm purchase. For each type of firearm sale we sampled, documentation was insufficient to ensure the requirements were met. For example, 37 (27 percent) of the 136 M1 Garand sales we reviewed were insufficiently documented. Projecting our sample results to the approximately 6,400 M1 Garand sales over the 14-month period from which we sampled, we estimate that the Corporation sold between 1,200 and 2,200 M1 Garands to individuals without adhering to its procedures designed to ensure that purchasers met the requirements of the 1996 act. We also randomly sampled M1D and

.22 caliber rifle sales. Relative to the overall rate for the M1 Garand sales, proportionately fewer M1D and .22 caliber rifle sales met the Corporation's requirements for ensuring compliance with the act. We could not project the results of our samples for M1D and .22 caliber rifle sales to a universe of those sales because of our small sample sizes.

**Table 2: Purchases the Corporation Approved Without Following Its Procedures to Ensure Compliance With the 1996 Act**

Requirement not assured <sup>a</sup>	M1 Garand (Sample size 136)		M1D (Sample size 29)		.22 Caliber (Sample size 38)	
	Number	Percent	Number	Percent	Number	Percent
U.S. citizenship	6	4	10	34	13	34
Club membership	13	10	8	28	8	21
No felony conviction or other ineligibility	26	19	11	38	22	58
<b>Purchases for which Corporation failed to ensure compliance with at least one requirement</b>	<b>37</b>	<b>27</b>	<b>12</b>	<b>41</b>	<b>23</b>	<b>61</b>

<sup>a</sup>Some purchases did not meet several requirements

Regarding resales, Corporation officials told us that each individual purchaser of a firearm is required to sign a statement that the firearm is for his or her personal use. These officials told us that, practically speaking, however, they could not control the resale of firearms. According to Army and Corporation officials, the Army's CMP program allowed an individual only one lifetime purchase of each type of firearm. The Army restriction may have limited the number of firearms available for resale. In contrast, the Corporation has adopted a policy that allows an individual to annually purchase two M1 Garands and one of each other type of firearm sold to individuals by the Corporation.

## No External Oversight to Ensure Corporation Firearms Sales Comply With the 1996 Act

The 1996 act authorized the Corporation to sell firearms but did not specify any external oversight to ensure compliance of these sales with the 1996 act. Thus, the Corporation is not subject to the licensing and oversight requirements of firearms dealers who are regulated by the Bureau of Alcohol, Tobacco and Firearms (ATF) under the Gun Control Act of 1968. Specifically, these dealers must file an application with the ATF, which reviews the applications and inspects applicants to determine their qualifications for licenses. License holders are then subject to periodic compliance inspections by the ATF. Although not regulated by the ATF, the Corporation is subject to Internal Revenue Service requirements applicable to tax-exempt organizations, including the reporting of its gross

income, receipts, and disbursements. Corporation officials told us that to comply with this requirement, the Corporation obtains an independent financial audit each year.

While the act required the Army to provide firearms to the Corporation, it did not authorize the Army to oversee the Corporation's firearms sales. However, a 1996 memorandum of understanding between the Army and the Corporation requires the Corporation to certify in writing that sales have met statutory requirements before the Army ships firearms to a purchaser. According to Army and Corporation officials, however, the Army has never denied a request from the Corporation to ship a firearm, even though the Corporation has not provided the certifications. Corporation officials said that it was logistically impossible to certify every firearm sale in writing. Army officials said that the Corporation is solely responsible for ensuring that firearms recipients have met the statutory requirements.

## DOD Provides Continued Support to the CMP

DOD provided more than \$19 million in support to the Corporation during the transition and the 2 years of the Corporation's existence. More than \$17.5 million of that support was authorized by the 1996 act to be provided without reimbursement. This included about \$7.7 million in assets provided to the Corporation by the Army during the transition of the CMP as required by the 1996 act. These assets included funds, firearms, ammunition, trophies, equipment, and vehicles (see table 3).

**Table 3: Property Transferred to the Corporation at Transition of the CMP**

Dollars in thousands	
Type of support	Value
Funds	\$3,800 <sup>a</sup>
Firearms	1,094 <sup>b,c</sup>
Ammunition	2,172 <sup>c</sup>
Trophies, equipment, and vehicles	614 <sup>c</sup>
<b>Total</b>	<b>\$7,680</b>

<sup>a</sup>As reported in Army transition documents.

<sup>b</sup>This figure represents the value of 6,512 firearms transferred to the Corporation.

<sup>c</sup>As reported by the Army Audit Agency on September 27, 1996.

Since the transition, DOD has provided unreimbursed support worth more than \$10.3 million to the Corporation through September 30, 1998. Most of

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the support provided (more than \$9.9 million) was specifically authorized by the 1996 act to be provided on a nonreimbursable basis. This support included firearms, ammunition, and repair parts. According to Army officials, providing these items to the Corporation actually resulted in a cost savings because the alternatives were either to incur costs to continue storing the items or to incur costs to demilitarize them. We were unable to determine the total cost of unreimbursed DOD support because DOD officials did not know the value of some items of support, such as firearms storage. In addition, according to Corporation officials, as of September 30, 1998, DOD had provided more than \$1 million in support for which it was reimbursed. This support included the inspection, repair, and shipping of firearms.

The 1996 act does not specifically refer to other DOD support that is being provided without reimbursement. For example, DSS has provided background investigations for the Corporation since October 1, 1996. Based on the Corporation's estimate that it had requested 8,000 investigations in fiscal years 1997 and 1998, DSS officials estimated that the value of the investigations was \$440,000. Additionally, since October 1997, the Army has allowed the Corporation to use a building at the Anniston Army Depot. The Corporation uses this building for office space and for workspace to prepare some of the firearms for shipment to purchasers. Army officials told us that although the Corporation has paid for the direct incremental costs of utilities, police services, and refuse collection and disposal, the building itself (a 13,551 square-foot warehouse) has been provided to the Corporation rent free. Table 4 shows the value of unreimbursed direct support provided to the Corporation since October 1, 1996.

**Table 4: Value of Unreimbursed DOD Support Provided to the Corporation (Oct. 1, 1996, Through Sept. 30, 1998)**

Dollars in thousands	
Type of support	Value
<b>Specifically authorized without reimbursement by the 1996 act</b>	
Firearms	\$5,702 <sup>a,b</sup>
Ammunition	3,833 <sup>b</sup>
Repair parts	211 <sup>b,c</sup>
Surplus material and equipment	37 <sup>b</sup>
Support for national matches (Army Reserve personnel)	124
Storage of firearms	Not known <sup>d</sup>
<b>Subtotal</b>	<b>9,907</b>
<b>Not specifically referred to by the 1996 act</b>	
Background checks	440
Storage of ammunition and other supplies	Not known <sup>d</sup>
Building at Anniston Army Depot for Corporation use	Not known <sup>d</sup>
<b>Subtotal</b>	<b>440</b>
<b>Total</b>	<b>\$10,347</b>

<sup>a</sup>This represents the value of 49,906 firearms transferred after transition.

<sup>b</sup>Based on Army Master Data File values.

<sup>c</sup>Does not include the value of about 500 telescopes and cases. Army officials told us they did not have records on the value of these items.

<sup>d</sup>Army officials told us they did not know the value of these items.

The Secretary of the Army did not issue regulations relating to the logistical support to be provided to the Corporation and reimbursement for that support as required by the act. The Corporation has separate written agreements with several Army and other DOD organizations, such as Anniston Army Depot and the Defense Logistics Agency's Defense Reutilization Marketing Service, that provide the Corporation support. However, we found inconsistencies in and confusion among officials responsible for providing such support. Some Army officials responsible for providing support told us they were unsure of what support they should be providing to the Corporation and how to arrange for reimbursement of expenses. For example, the Corporation pays administrative expenses for Army personnel involved with the transfer of firearms from the Army to the Corporation but is not charged administrative expenses for Army personnel involved with the transfer of ammunition. According to Army headquarters officials, new regulations for support to the CMP were not prescribed because they believed existing

regulations pertaining to the support of outside organizations were sufficient to cover support to the Corporation.<sup>7</sup>

## Army Transferred Firearms to the Corporation and Holds More for Potential Future Transfer

As of September 30, 1998, the Army transferred more than 56,000 firearms to the Corporation. Of this number, the Army transferred about 6,500 firearms at the time of transition, including 401 M16s that the Corporation returned and plans to borrow as needed. Over the 2-year period since the transition, almost 50,000 firearms were transferred to the Corporation. All totaled, more than a dozen different types of firearms have been transferred, including M1 Garands, M1 Carbines, M14s, .22 caliber rifles, and pistols. As of September 30, 1998, the Army was storing about 270,000 additional M1 Garands, .22 caliber rifles, M1 Carbines, and other firearms for potential transfer.

Table 5 shows the types and numbers of firearms transferred to the Corporation as of September 30, 1998.

**Table 5: Types and Numbers of Firearms Transferred to the Corporation (Through Sept. 30, 1998)**

	Transferred to the Corporation		
Firearms	At transition	FY 1996-98	Total
<b>.30 caliber rifle</b>			
M1 Garand	1,216	28,288	<b>29,504</b>
M1C	0	74	<b>74</b>
M1D	0	2,385	<b>2,385</b>
M1 National Match	72	0	<b>72</b>
M1 Carbine	200	1,126	<b>1,326</b>
M1A1	9	0	<b>9</b>
M14	1,314	0	<b>1,314</b>
M16	401	0	<b>401<sup>a</sup></b>
M1903A3	4	622	<b>626</b>
M1903A4	0	411	<b>411</b>
.22 caliber rifle	2,614	17,000	<b>19,614</b>
7.62mm M700	1	0	<b>1</b>
Pellet	1	0	<b>1</b>
Shotgun	4	0	<b>4</b>
Pistol	676	0	<b>676</b>
<b>Total</b>	<b>6,512</b>	<b>49,906</b>	<b>56,418</b>

<sup>a</sup>The Corporation returned the M16s to the Army and plans to borrow them as needed.

<sup>7</sup>Notwithstanding our request, the Army did not identify these regulations during our review.

The majority of the 6,512 firearms transferred at transition (4,581) were on loan to CMP-affiliated clubs, while the remainder (1,931) were under the control of the Civilian Marksmanship Support Detachment in Ohio. Army officials told us that all of the firearms transferred after the transition were stored at Anniston Army Depot and were deemed excess by the Army. The Army transferred firearms either directly to the Corporation or to recipients designated by the Corporation.

As of September 30, 1998, the Army had transferred 56,418 firearms to the Corporation, including M1 Garands, M1 Carbines, M14s, .22 caliber rifles, and pistols. Under section 1615 of the act, the Secretary of the Army was required to transfer to the Corporation those firearms under the control of the Army's CMP Director on February 9, 1996, including all M1 Garand and .22 caliber rifles stored at Anniston. These firearms were to be transferred as and when necessary to enable the Corporation to issue, loan, or sell them in accordance with the act. At transition, the Army transferred to the Corporation all of the required firearms except those at Anniston. On September 30, 1996, the Army and the Corporation signed a memorandum of understanding in which the parties agreed that approximately 167,000 M1 Garands and 17,000 .22 caliber rifles were at Anniston under CMP control on February 9, 1996.

As of September 30, 1998, the Army was storing more than 230,000 M1 Garands, over 35,000 .22 caliber rifles, and over 4,000 other firearms at Anniston for potential transfer to the Corporation. At that time, the Army and the Corporation were negotiating a new memorandum of understanding that could make these firearms available to the Corporation. However, Army officials told us that some of these firearms were not at Anniston under CMP control on February 9, 1996. Should the Army decide to transfer firearms from Anniston that were not under CMP control on February 9, 1996, legislative authority other than section 1615 of the act will be needed.

Table 6 shows the types, numbers, and values of firearms stored at Anniston Army Depot for potential transfer to the Corporation as of September 30, 1998. Corporation officials said that the Army is their only source of firearms.

**Table 6: Firearms Stored for Potential Transfer to the Corporation (as of Sept. 30, 1998)**

<b>Firearm</b>	<b>Quantity</b>	<b>Value<sup>a</sup></b>
M1 Garand	230,590	\$21,744,637
M1C	1	220
M1D	29	7,975
M1 Carbine	3,052	234,699
M1903A3	1,016	108,712
.22 caliber rifle	35,056	8,366,176
<b>Total</b>	<b>269,744</b>	<b>\$30,462,419</b>

<sup>a</sup>Based on Army Master Data File values.

## Conclusions

When Congress authorized the transfer of the CMP to a private, nonprofit corporation established by the act, it established specific requirements for the Corporation's sale of firearms, for continued Army support of the program, and for the number of firearms to be transferred to the Corporation. To ensure that these requirements are met, oversight of Corporation sales of firearms and more specific guidance describing the logistical support to be provided are needed.

## Recommendation

We recommend that the Secretary of the Army issue regulations, as required by the 1996 act, addressing the logistical support to be provided to the Corporation and the policies for obtaining reimbursement from the Corporation for such support.

## Matter for Consideration

When Congress established the Corporation as a private nonprofit organization, it did not specify any external oversight to ensure that the Corporation fully comply with the Corporation for the Promotion of Rifle Practice and Firearms Safety Act of 1996 in its sales of firearms. However, because the federal government established the Corporation and continues to provide firearms and other support, the federal government has an interest in ensuring that Corporation assets are being appropriately safeguarded. Therefore, Congress may wish to consider amending the act to require that the Corporation's annual financial audit include an assessment of, and report on, its compliance with the 1996 act. Such an assessment should include an examination of the Corporation's relevant internal controls. In addition, Congress may wish to require that the auditor's report be provided to Congress.



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## DOD Comments and Our Evaluation

In written comments on a draft of this report, DOD concurred with our recommendation in principle. DOD stated that existing regulations prescribe guidance to address the logistical support provided by the Army and the policies for obtaining reimbursement for such support. DOD further stated that these regulations were being reviewed for appropriateness and would be provided to the Corporation, along with the memorandum of understanding, in response to the legislative requirement for regulations.

DOD stated that existing regulations prescribe guidance to address logistical support provided by the Army. However, DOD did not assert that these regulations were appropriate to address the unique type of logistical support that the Army provides to the Corporation. Instead, DOD stated that they were currently reviewing these regulations for appropriateness. As noted in our draft report, notwithstanding our request, DOD did not identify these regulations until after it received our draft report. Therefore, we were unable to determine their appropriateness. Our review found that some Army personnel responsible for providing logistical support to the Corporation were unsure of what support they should be providing and how to arrange for reimbursement from the Corporation for such support. Additionally, we found inconsistent arrangements for providing support and reimbursement.

Our continuing concern is that Army personnel involved with providing support to the Corporation have at their disposal adequate guidance for their dealings with the Corporation. Therefore, we maintain that the Army needs to issue regulations, as required by the 1996 act, addressing the specific type of logistical support to be provided to the Corporation and the policies for obtaining reimbursement from the Corporation for such support. If, during the Army's review of existing regulations, it finds that parts of these regulations prove appropriate, the Army should make its personnel aware of the specific parts that apply to the Corporation. If existing regulations fall short of fully addressing the logistical support to be provided to the Corporation, we believe the Army should issue regulations to ensure full conformance with the 1996 act.

DOD's comments are presented in their entirety in appendix I. DOD also provided technical comments, which we have incorporated as appropriate.

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## Corporation Comments and Our Evaluation

In written comments on a draft of this report, the Corporation concurred that improvements were needed and noted that based on our findings it has already taken or is taking action to remedy the deficiencies we identified. For example, the Corporation stated that it has completely

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revised its policies for background checks and will soon discontinue its reliance on the Defense Security Service. The Corporation also stated that in the future all applications for firearm purchases will be directed to the newly-established National Instant Criminal Check System, with the exception of those individuals exempted by the Brady Act who have demonstrably been cleared by other means. The Corporation observed that our report makes no reference to the remedial actions taken by the Corporation. We have not commented on these actions because they were taken after our review and we did not evaluate them or their impact on CMP operations.

The Corporation agreed that its procedures were inadequate and were not always adhered to, although the Corporation believes that we overstated the significance of these deficiencies. Based on our random sample of the Corporation's sales records for three types of firearms, we reported deficiencies that resulted because the Corporation did not always adhere to its own procedures. We believe these deficiencies were properly characterized.

The Corporation agreed that ongoing oversight of its operations would be beneficial. The Corporation further stated that it has retained a firm of independent certified public accountants to perform an annual audit, which will encompass a review of its sales program, including an evaluation of the Corporation's compliance with the enabling legislation and an assessment of its internal controls. We believe that such oversight will help to ensure that the Corporation's firearms sales fully comply with the law.

In addition to its general comments, the Corporation submitted three detailed comments. First, the Corporation stated that we did not accurately describe its mission. It stated that Congress has given the Corporation a considerably broader statutory objective. Accordingly, the Corporation stated that its declared mission envisions "fostering rifle marksmanship and firearms safety and other types of training to America's youth and other qualified citizens, emphasizing safety, discipline and dedication to the nation, state and community." We believe that our report accurately describes the functions of the CMP as set out in section 1612(a) of the 1996 act. We have, however, added in our report a reference to section 1612(b) of the act, which discusses the youth-related priorities the Corporation is statutorily required to consider in carrying out its mission.

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Second, the Corporation stated that our findings regarding the Corporation's failures to adhere to its procedures are overstated and no longer applicable to CMP operations. Our randomly selected sample of Corporation sales records for three types of firearms sold to individuals showed that the Corporation sold firearms without adhering to its procedures designed to ensure that purchasers had not been convicted of felonies, were U.S. citizens, and were members of a CMP-affiliated club. We continue to believe that the results of our three samples were properly characterized. Regarding the Corporation's recent procedural changes, we commend the Corporation for its willingness to respond to our findings immediately.

Finally, the Corporation stated that we greatly exaggerated the value of federal support provided to the Corporation by using the Army Master Data File values to determine the value of the rifles, ammunition, and parts that were transferred or were being held by the Army for potential transfer to the Corporation. More specifically, the Corporation stated that the rifles, ammunition, and parts provided by the Army were obsolete, militarily worthless, and would be reduced to scrap at further cost to the Army. We believe that the Army Master Data File values are valid for determining the value of the items transferred or being held for potential transfer to the Corporation. Additionally, we noted in our draft report that, according to Army officials, providing these items to the Corporation actually resulted in a cost savings to the Army because the Army's alternatives were either to incur costs to continue storing the items or to incur costs to demilitarize them.

The Corporation's comments are reprinted in their entirety in appendix II. The Corporation also provided technical comments, which were incorporated as appropriate.

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## Scope and Methodology

To evaluate whether the CMP's transition from the Army to the private Corporation was conducted in accordance with the Corporation for the Promotion of Rifle Practice and Firearms Safety Act, we identified the transition requirements stipulated in that act. We also interviewed Army and Corporation officials and examined their records to compare transition actions with the requirements of the act.

To determine the statutory requirements regarding sales of firearms, we reviewed the act and other applicable firearms statutes. We also

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interviewed Bureau of Alcohol, Tobacco, and Firearms officials to discuss these statutes.

To assess the Corporation's compliance with the 1996 act in regard to firearms sales, we randomly sampled firearms sales of three of the four types of firearms sold by the Corporation to individuals—M1 Garands, M1Ds, and .22 caliber rifles. Because of the small number of such sales, we did not sample any of the 39 M1903A3s sold. For the M1 Garand, the sampling error is plus or minus 8 percent or less with a 95-percent confidence level. The sample was taken from a universe of approximately 6,400 applications approved for firearm sales between July 1997 and August 1998. We excluded from our universe applications processed from October 1, 1996, through June 30, 1997, to (1) minimize the possibility that the Army processed parts of some applications and (2) provide the Corporation with time to standardize its procedures after taking over the program. We stopped sampling M1D and .22 caliber sales records when the Corporation official who approved the applications confirmed that the application procedures had not been strictly followed; thus, we did not calculate sampling errors for the M1D and .22 caliber sales.

To determine the type and number of firearms the Corporation sold to its affiliated clubs and to individuals, we interviewed Corporation officials and obtained Corporation records of sales. To determine the type and number of firearms the Corporation had on loan, we interviewed Corporation officials.

We did not review the sales of firearms to Corporation-affiliated clubs because many of the clubs had been established when the Army ran the CMP. In addition, some of the data needed to determine whether procedures had been followed either were not maintained by the Army or were indecipherable in the microfiche files provided to the Corporation by the Army.

We were unable to review the information resulting from DSS background investigations, which the Corporation factored into its decisions to approve applicants for firearms purchases. As required by DSS, the results of each investigation were destroyed once the Corporation made its decision.

To determine viable alternatives for providing oversight of Corporation firearms sales, we interviewed officials from the Corporation and the

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Army. We also discussed this issue with the Bureau of Alcohol, Tobacco and Firearms.

To identify the value of federal assets transferred to the Corporation at the time of transition, we reviewed an Army report on the assets held by the CMP before the program's transition and the supporting workpapers for that report. We also reviewed the Army's files of the transfer.<sup>8</sup>

To determine the continuing cost of the program to the federal government, we interviewed officials of the Army, Defense Logistics Agency, Defense Security Service, and the Corporation. We also examined documents they provided related to unreimbursed support for the Corporation and its cost.

To determine the types and number of firearms the Army transferred to the Corporation and has stored for potential transfer, we reviewed the supporting workpapers to the Army report on the assets held by the CMP before the program's transition, Army records of transfers, and Army and Defense Logistics Agency inventory records. We used Army Master Data File values to determine the value of firearms transferred to the Corporation.

We conducted our review from April to December 1998 in accordance with generally accepted government auditing standards.

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this report. At that time, we will send copies of this report to the Chairmen of the House and Senate Committees on Armed Services; the Secretaries of Defense and the Army; the Directors of the Defense Logistics Agency and the Office of Management and Budget; and the Chairman of the Board of Directors, Corporation for the Promotion of Rifle Practice and Firearms Safety. We will also make copies available to others upon request.

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<sup>8</sup>Assets of the Civilian Marksmanship Program (Army Audit Agency, 96-312, Sept. 27, 1996).

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Please call me at (202) 512-5140 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix III.

A handwritten signature in black ink, reading "Mark E. Gebicke". The signature is written in a cursive style with a large, stylized "M" and "G".

Mark E. Gebicke  
Director, Military Operations  
and Capabilities Issues

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## Abbreviations

ATF	Bureau of Alcohol, Tobacco, and Firearms
CMP	Civilian Marksmanship Program
DOD	Department of Defense
DSS	Defense Security Service



# Comments From the Department of Defense



DEPARTMENT OF THE ARMY  
ADMINISTRATIVE ASSISTANT TO THE SECRETARY  
WASHINGTON, D.C. 20310-0105



16 December 1998

Mr Mark E Gebicke  
Director, Military Operations and Capabilities Issues  
National Security and International Affairs Division  
U S General Accounting Office  
Washington, D.C. 20548

Dear Mr Gebicke:

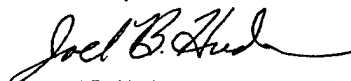
This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "CIVILIAN MARKSMANSHIP PROGRAM: Corporation Firearms Sales Need to Better Comply With the Law," November 24, 1998 (GAO Code 703240/OSD Case 1717)."

**RECOMMENDATION:** The GAO recommended that the Secretary of the Army issue regulations, as required by the 1996 act, addressing the logistical support to be provided to the Corporation and the policies for obtaining reimbursement from the Corporation for such support. (GAO Draft Report/p. 21).

The Department of Defense concurs in principle with the recommendation. There are regulations currently available that prescribe guidance to address the logistical support provided by the Army, and the policies for obtaining reimbursement from such support. These regulations are currently being reviewed for appropriateness and will be provided to the Corporation, along with the Memorandum of Understanding, in response to the legislative requirement. They are: AR 710 series (Supply Management), AR 37 series (Financial management), AR 725-1 (Special Authorization and Procedures for Issues, Sales and Loans), AR 700-131 (Loan and Lease of Army Materiel), and DoD Directive 4000.19. The Memorandum of Understanding (MOU), Memorandum of Agreement (MOA), Letter of Instruction (LOI), and the contract with the Corporation will also be used to clarify logistical support when appropriate.

Technical comments were provided directly to the GAO staff for consideration and incorporation into the final. The Department appreciates the opportunity to comment on the draft report.

Sincerely,

  
Joel B. Hudson

# Comments From the Corporation for the Promotion of Rifle Practice and Firearms Safety



## CORPORATION FOR THE PROMOTION OF RIFLE PRACTICE AND FIREARMS SAFETY, INC.

OFFICE OF THE CHAIRMAN  
111 SOUTH ADAMS STREET ♦ TALLAHASSEE, FL 32301  
(850) 222-4882 ♦ MADD0XCH@ADL.COM ♦ FAX: (850) 222-9983

12 December 1998

Mr. Mark E. Gebicke  
Director, Military Operations and Capabilities Issues  
National Security and International Affairs Division  
U.S. General Accounting Office  
Washington, D.C. 20548

Dear Mr. Gebicke:

This is the response of the Corporation for the Promotion of Rifle Practice and Firearms Safety, Inc. to the General Accounting Office (GAO) draft report "CIVILIAN MARKSMANSHIP PROGRAM: Corporation Firearms Sales Need to Better Comply With The Law", dated January 1999.

While our detailed comments are set forth in the enclosed memoranda, the Corporation respectfully wishes to impart here a more fundamental observation that, overall, the report is focused on yesterday's deficiencies. The Corporation concurs that improvements were needed, and has already remedied most of the deficiencies identified. Further changes have been undertaken that will correct the remainder even before the final report is scheduled to be released.

The Corporation has been continuously upgrading its policies and procedures to correct certain shortcomings that have become evident, particularly in the sufficiency of documentation establishing U.S. citizenship and membership eligibility, and the adequacy of criminal background checks. In that regard we treated the GAO investigation as if it were our own internal audit, utilizing GAO's preliminary findings to make important improvements.

Moreover, with the establishment of the FBI's National Instant Criminal Check System (NICS), which became operational 30 November 1998, the Corporation has completely revised its policies and will shortly discontinue its reliance on Defense Security Service for criminal background checks. Henceforth the Corporation will be directing *all* applications to NICS for clearance, exempting *only* those exempted by the Brady Act which have demonstrably been cleared by other means. This will fully satisfy all statutory requirements imposed on the CMP.

**Appendix II  
Comments From the Corporation for the  
Promotion of Rifle Practice and Firearms  
Safety**

Mr. Mark E. Gebicke  
12 December 1998  
Page Two

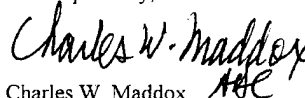
The GAO report makes no reference to any of these developments. The Corporation believes that without such explanation the report will be misleading and obsolete before its release. An illustration is the title of the report, which unfortunately is in the present tense. In fairness the title should reflect not only that better compliance *was* needed, but that corrections *are* underway. At a minimum we would suggest amending the title to "Corporation Firearms Sales Needed to Better Comply With The Law."

The Corporation recognizes that there previously existed certain inadequacies of procedure and internal lapses in adherence to those procedures. Though we believe that the significance of these deficiencies is, in practical consequence, considerably overstated, the Corporation is fully committed to taking all necessary steps to ensure that its operations are conducted beyond criticism

We concur with GAO that ongoing oversight of our operations would be beneficial. The Corporation has retained a firm of independent certified public accountants to perform an annual audit encompassing a review of our sales program. This includes an evaluation of our compliance with the enabling legislation, as well as an assessment of our internal controls. The methodology to be employed is essentially the same as that used for the GAO report.

The Corporation is grateful for the opportunity to review the draft GAO report. Additionally we would like to express our sincere appreciation for the high level of professionalism and personal courtesy which we invariably received from all of your staff. Those with whom we had repeated contact, Mr. Derek B. Stewart, Ms. Janet M. Keller, Ms. Sharon L. Reid, and Dr. Jack E. Edwards, deserve our special thanks.

Respectfully,



Charles W. Maddox  
Chairman  
Board of Directors

Enclosures

**Appendix II**  
**Comments From the Corporation for the**  
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**Safety**

**DETAILED SUBSTANTIVE COMMENTS**

Submitted 12 December 1998 by The Corporation for the Promotion of Rifle Practice and Firearms Safety, Inc. to the General Accounting Office (GAO) concerning the draft report "CIVILIAN MARKSMANSHIP PROGRAM: Corporation Firearms Sales Need to Better Comply With The Law", dated January 1999.

**1. The CMP's mission is inaccurately described (Page 1):**

The GAO report inaccurately describes the mission of the Civilian Marksmanship Program (CMP). The description given would have been appropriate when the program was administered by the U.S. Army as an adjunct of military preparedness, with no specific emphasis on firearms safety or youth. However, Congress has given the Corporation a considerably broader statutory objective. Section 1612 of the Act mandates that the Corporation "shall give priority to activities that benefit firearms safety, training and competition for youth and that reach as many youth participants as possible." Accordingly the Corporation's declared mission envisions "fostering rifle marksmanship and firearms safety and other types of training to America's youth and other qualified citizens, emphasizing safety, discipline and dedication to the nation, state and community." Under Army auspices the CMP formerly received about \$5 million annually in appropriated funds; in contrast the Corporation must rely on the sale of rifles to affiliated clubs and their members as its principal source of funding.

**2. The findings regarding failures to adhere to procedure are overstated and no longer applicable to CMP operations (Page 2).**

The GAO report estimates that the Corporation sold between 1,200 and 2,200 M1 Garand rifles "without adhering to its own procedures that were designed to ensure that the purchasers were not convicted of felonies, were U.S. citizens, and were members of a Corporation-affiliated club". This phraseology is potentially misleading. The phrase "without adhering to" can easily --and incorrectly-- be interpreted to mean that these procedures were totally disregarded, or that they were disregarded as to all of the stated requirements. That was not the case. It would be more accurate to say that the investigators estimate that in 1,200 to 2,200 sales the Corporation failed to fully comply in one particular or another with those procedures.

Moreover, such instances do *not* demonstrate that the Corporation has sold any rifle to a person who was convicted of a felony, or who was not a U.S. citizen, or who was not a member of a CMP-affiliated club. In one noteworthy example, a sale identified by the investigators as deficient on the ground that the purchaser's citizenship was not properly documented was made to a U.S. Army major general. The Corporation is not aware of *any* instance in which a rifle was sold to a person prohibited by law from possessing a

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**Comments From the Corporation for the**  
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**Firearm**

While the Corporation acknowledges that improvements were needed to be positive that the CMP's criminal background check requirement was fully satisfied, it should be recognized that even an imperfect procedure embodied vastly more stringent safeguards than were required during this period on comparable sales made by federally-licensed dealers to the general public. Until 30 November 1998 federal law did not require any criminal background check at all of a person buying the same rifle commercially from a dealer.

The Corporation submits that most of the sales categorized by GAO as failures to ensure that the purchaser had no felony conviction or other ineligibility involved essentially harmless error. Many apparently were attributable to purchases by law enforcement officers or persons with federal security clearances, whose credentials were accepted by the Corporation in lieu of a DSS background check.

The GAO investigators expressed concern that the current eligibility of law enforcement officers and persons with federal security clearance was not adequately established. While the Corporation concurs that *any* such lapse of procedure should be corrected to fully comply with the letter of the law (and we have taken steps to do so), we believe that the significance of such a "failure" is overstated. At least with respect to police officers, the concern seems quite unrealistic, and federal security clearances have been acceptable substitute documentation for the past 30 years when the CMP was administered by the Army. We believe it is fair to say that, as a class, law-enforcement officers and persons who possess federal security clearances are very seldom prohibited from owning firearms.

Nonetheless, in response to GAO's findings, the Corporation has changed its policy to discontinue accepting law-enforcement officer credentials or federal security clearances in lieu of a background check. The Corporation's policy on criminal background check documentation now mirrors precisely the new Brady Act requirements that became effective 30 November 1998. All CMP rifle purchase applications will be cleared through the FBI National Instant Criminal Check System (NICS) except for categories specifically exempted by the Brady Act that are checked by other means. The Corporation also has discontinued acceptance of DD Form 214 (Discharge from Active Duty) as proof of citizenship.

The Corporation recognizes that many of the procedural failures are attributable to clerical errors or inadequate recordkeeping. In some instances where GAO found no document in a purchase application packet to prove an element of eligibility, the CMP relied on documentation submitted earlier by that buyer for a previous purchase. Our policy has been changed and now requires an entirely new submission of documents for an additional purchase. In addition the Corporation has instituted a new procedure of redundant examination of purchase applications, whereby a second CMP employee reviews all submitted documentation in a purchase packet before the transaction is completed.

The Corporation sincerely desires to ensure that it sells rifles only to those persons who

**Appendix II**  
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**Safety**

fully satisfy all legal requirements. To maintain the public trust bestowed upon it, and to allay any concern that any rifle sale might previously have been made to a person ineligible to possess a firearm, the Corporation has undertaken to conduct a 100% review of all rifle application packets received since 1 October 1996. The objective of this review is to identify all applications in which substitute documentation was submitted in lieu of a background investigation. Where a federal security clearance or law enforcement identification was used, the applicant's search descriptors will be submitted for criminal background check through the NICS system. If any purchaser is thereby identified as ineligible to possess a firearm, the appropriate authorities will be notified.

Now on pp. 2, 10-12.

**3. The dollar value of federal support to the CMP is greatly exaggerated (pages 2, 15-17).**

Assigned to determine the value of federal support to the CMP, the GAO calculated that after completion of the transition required by statute, the Army and other Defense agencies have provided more than \$10.3 million in unreimbursed support to the Corporation through 30 September 1998. About 94% of this support represents the value of rifles, ammunition and parts transferred to the CMP. The GAO further calculated on page 21 the value of rifles, ammunition and parts still held by the Army for potential transfer to the CMP at about \$30.4 million.

These dollar values are derived from the Army Master Data File, which presumably is based on the Army's acquisition cost. The Corporation submits that, in terms of taxpayer expense (which is the sense in which the issue was raised) the values stated are artificial and greatly exaggerated. In actuality all of this material is obsolete and militarily worthless.

If these rifles, ammunition and parts were not transferred to the Corporation to support the CMP's youth programs, they would be demilitarized and reduced to scrap at further cost to the Army. While the values entered in the Army Master Data File may serve certain accounting purposes, the true dollar value is a negative figure because the scrap value does not remotely approach the cost of demilitarization. The routine destruction of this material by DoD was in fact halted only by an act of Congress, which directed all M1 Garand rifles to be reserved for the Corporation. By any practical measure their transfer to the CMP represents a net saving, not a subsidy.

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# Major Contributors to This Report

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